

**Commonwealth of Kentucky
Natural Resources and Environmental Protection Cabinet
Department for Environmental Protection
Division for Air Quality
803 Schenkel Lane
Frankfort, Kentucky 40601
(502) 573-3382**

**STATE ORIGIN
AIR QUALITY PERMIT**

Permittee Name: The Hyland Company, Incorporated
Mailing Address: P.O. Box 29, Ashland, KY 41105

is authorized to operate an animal feed plant

Source Name: Hyland Company
Mailing Address: Same as above
Source Location: U.S. 60 West, Ashland, KY 41101

KYEIS ID #: 21-019-00009
SIC Code: 2048

Region: Ashland - Huntington
County: Boyd

Permit Number: S-01-040
Log Number: 53310
Permit Type: Operating

Issuance Date: June 27, 2001
Expiration Date: June 27, 2006

**John E. Hornback, Director
Division for Air Quality**

SECTION A - PERMIT AUTHORIZATION

Pursuant to a duly submitted application which was determined to be complete on December 18, 2000, the Kentucky Division for Air Quality hereby authorizes the operation of the equipment described herein in accordance with the permit application, and other information submitted by the permittee. This permit has been issued under the provisions of Kentucky Revised Statutes Chapter 224 and regulations promulgated pursuant thereto.

The permittee shall not construct, reconstruct or modify any affected facilities without first having submitted a complete application and receiving a permit for the planned activity from the permitting authority, except as provided in this permit or in the Regulation 401 KAR 50:035, Permits.

Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits, licenses, or approvals required by this Cabinet or any other federal, state, or local agency.

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS**Pet Food Plant:**

- 01 (-) Conveyor and Transfer Points (screw, to storage bins)
(maximum rated capacity – 12.5 tons/hour)
(control: baghouse)
- (-) Storage Bin #1 (food ingredient)
(maximum rated capacity – 12.5 tons/hour)
(control: baghouse)
- (-) Storage Bin #2 (recirculated product)
(maximum rated capacity – 12.5 tons/hour)
(control: baghouse)
- (-) Storage Bin #3 (food ingredient)
(maximum rated capacity – 12.5 tons/hour)
(control: baghouse)
- (-) Storage Bin #4 (food ingredient)
(maximum rated capacity – 12.5 tons/hour)
(control: baghouse)
- (-) Storage Bin #5 (food ingredient)
(maximum rated capacity – 12.5 tons/hour)
(control: baghouse)
- (-) Conveyor and Transfer Points (screw, to screens)
(maximum rated capacity - 12.5 tons/hour)
(control: baghouse)
- (-) Screen
(maximum rated capacity – 12.5 tons/hour)
(control: baghouse)
- (-) Screen
(maximum rated capacity – 12.5 tons/hour)
(control: baghouse)
- (-) Hammermill (Jacobson Model XLT 42320)
(maximum rated capacity – 12.5 tons/hour)
(control: baghouse)
- (-) Auger (to bucket conveying)
(maximum rated capacity – 8 tons/hour)
(control: baghouse)

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

- 01** **(-)** **Conveyor and Transfer Points (bucket conveying)**
(maximum rated capacity – 8 tons/hour)
(control: baghouse)
- (-)** **Extruder #1 (Anderson 8", steam heated)**
(maximum rated capacity – 8 tons/hour)
(control: baghouse)
- (-)** **Extruder #2 (Anderson 8", steam heated)**
(maximum rated capacity – 8 tons/hour)
(control: baghouse)
- (-)** **Pellet Cooler**
(maximum rated capacity – 8 tons/hour)
(control: baghouse)
- (-)** **Pellet Cooler**
(maximum rated capacity – 8 tons/hour)
(control: baghouse)
- (-)** **Paddle Drag (to acecoat)**
(maximum rated capacity – 8 tons/hour)
(control: baghouse)
- (-)** **Acecoat (fat spray booth)**
(maximum rated capacity – 8 tons/hour)
(control: baghouse)
- (-)** **Storage Tank (fat)**
(maximum rated capacity – 40 tons)
(control: baghouse)
- (-)** **Storage Tank (fat)**
(maximum rated capacity – 40 tons)
(control: baghouse)
- (-)** **Durablow (enclosed blower, to bagging)**
(maximum rated capacity – 8 tons/hour)
(control: baghouse)
- (-)** **Bagging Operation**
(maximum rated capacity – 8 tons/hour)
(control: baghouse)

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

- 02 (-) Pellet Dryer #1
 (maximum rated capacity – 8 tons/hour)
 (control: cyclone)
- (-) Natural Gas Burner (3 mmBTU/hr, BNW Model 32OB)
 (primary fuel for pellet dryer #1)
 (control: cyclone)
- 03 (-) Pellet Dryer #2
 (maximum rated capacity – 8 tons/hour)
 (control: cyclone)
- (-) Natural Gas Burner (3 mmBTU/hr, BNW Model 32OB)
 (primary fuel for pellet dryer #2)
 (control: cyclone)

APPLICABLE REGULATIONS:

State Regulation 401 KAR 59:010, New process operations, applies to each of the affected facilities listed above (Emission Points 01, 02, and 03).

1. Operating Limitations:

N/A

2. Emission Limitations:

The Division for Air Quality has determined that this facility's potential to emit any air pollutant is less than 100 tons per year. Therefore, although the permit is conditioned to allow emissions in excess of 100 tons per year pursuant to federally enforceable Regulation KAR 59:010, New process operations, emissions equal to or in excess of 100 tons per year of any pollutant are not possible. Accordingly, this permit is being issued as a minor source state- origin permit.

- a. Pursuant to Regulation 401 KAR 59:010, Section 3(2), the emissions of particulate matter for each respective emission point shall not exceed the allowable rate limit as calculated by one of the following equations using the process weight rate (in units of tons/hr).

$$\text{For process rates up to 60,000 lbs/hr:} \quad E = 3.59P^{0.62}$$

$$\text{For process rates in excess of 60,000 lbs/hr:} \quad E = 17.31P^{0.16}$$

For the equation, E = rate of emission in lb/hr and P = process weight rate in tons/hr

1. Combined emissions of particulate matter from the Conveyor and Transfer Points [emission point 01 (-)] shall not exceed 17.18 lbs/hr.

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

2. Emission Limitations (continued):

2. Combined emissions of particulate matter from the Storage Bin #1 [emission point 01 (-)] shall not exceed 17.18 lbs/hr.
3. Combined emissions of particulate matter from the Storage Bin #2 [emission point 01 (-)] shall not exceed 17.18 lbs/hr.
4. Combined emissions of particulate matter from the Storage Bin #3 [emission point 01 (-)] shall not exceed 17.18 lbs/hr.
5. Combined emissions of particulate matter from the Storage Bin #4 [emission point 01 (-)] shall not exceed 17.18 lbs/hr.
6. Combined emissions of particulate matter from the Storage Bin #5 [emission point 01 (-)] shall not exceed 17.18 lbs/hr.
7. Combined emissions of particulate matter from the Conveyor and Transfer Points [emission point 01 (-)] shall not exceed 17.18 lbs/hr.
8. Combined emissions of particulate matter from the Screen [emission point 01 (-)] shall not exceed 17.18 lbs/hr.
9. Combined emissions of particulate matter from the Screen [emission point 01 (-)] shall not exceed 17.18 lbs/hr.
10. Combined emissions of particulate matter from the Hammermill [emission point 01 (-)] shall not exceed 17.18 lbs/hr.
11. Combined emissions of particulate matter from the Auger [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
12. Combined emissions of particulate matter from the Conveyor and Transfer Points [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
13. Combined emissions of particulate matter from the Extruder #1 [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
14. Combined emissions of particulate matter from the Extruder #2 [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
15. Combined emissions of particulate matter from the Pellet Cooler [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
16. Combined emissions of particulate matter from the Pellet Cooler [emission point 01 (-)] shall not exceed 13.03 lbs/hr.

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

2. Emission Limitations (continued):

17. Combined emissions of particulate matter from the Paddle Drag [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
 18. Combined emissions of particulate matter from the Acecoat [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
 19. Combined emissions of particulate matter from the Storage Tank [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
 20. Combined emissions of particulate matter from the Storage Tank [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
 21. Combined emissions of particulate matter from the Durablow [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
 22. Combined emissions of particulate matter from the Bagging Operation [emission point 01 (-)] shall not exceed 13.03 lbs/hr.
 23. Combined emissions of particulate matter from the Pellet Dryer #1 [emission point 02 (-)] shall not exceed 13.03 lbs/hr.
 24. Combined emissions of particulate matter from the Natural Gas Burner [emission point 02 (-)] shall not exceed 1.49 lbs/hr.
 25. Combined emissions of particulate matter from the Pellet Dryer #2 [emission point 03 (-)] shall not exceed 13.03 lbs/hr.
 26. Combined emissions of particulate matter from the Natural Gas Burner [emission point 03 (-)] shall not exceed 1.49 lbs/hr.
- b. Pursuant to Regulation 401 KAR 59:010, Section 3(1), opacity of visible emissions from each affected facility (Emission Points 01-03) shall not exceed twenty percent (20%).

Compliance Demonstration Method:

- a. Compliance with the hourly particulate emission limit shall be determined as follows:
Hourly Particulate Emission Rate =

[Monthly processing rate x Emission Factor as determined from the latest stack test / (Hours of operation per month)] x (1 – Control Efficiency)
- b. Compliance with the opacity standard shall be maintained by a daily observation of visible emissions during daylight hours.

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

3. Testing Requirements:

EPA Reference Method 9 shall be used to determine opacity and shall be performed upon the Division's request. Performance test/compliance demonstrations using Method 5 may be required upon the Division's request in order to show compliance with the particulate matter mass emission standard.

4. Monitoring Requirements:

See Section C, General Condition F.2

5. Recordkeeping Requirements:

See Section C, General Conditions B.1., B.2., and F.2.

6. Reporting Requirements:

See Section C, General Conditions C.1., C.2., C.3., and F.3.

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

Pet Food Plant:

- | | | |
|----|-----|--|
| 04 | (-) | Receiving Hopper (truck dump)
(maximum rated capacity – 40 tons/hour) |
| | (-) | Truck Loadout (product)
(maximum rated capacity - 8 tons/hour) |

Feed Mill:

- [illegible]

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

05	(-)	Storage Bin (feed ingredient) (maximum rated capacity – 20 tons/hour)
	(-)	Storage Bin (feed ingredient) (maximum rated capacity – 20 tons/hour)
	(-)	Storage Bin (feed ingredient) (maximum rated capacity – 20 tons/hour)
	(-)	Storage Bin (feed ingredient) (maximum rated capacity – 20 tons/hour)
	(-)	Storage Bin (feed ingredient) (maximum rated capacity – 20 tons/hour)
	(-)	Elevator (mixed food) (maximum rated capacity – 20 tons/hour)
	(-)	Loadout Bin (mixed food) (maximum rated capacity – 20 tons/hour)
	(-)	Loadout Bin (mixed food) (maximum rated capacity – 20 tons/hour)
	(-)	Loadout Bin (mixed food) (maximum rated capacity – 20 tons/hour)
	(-)	Loadout Bin (mixed food) (maximum rated capacity – 20 tons/hour)
	(-)	Hopper Scales (maximum rated capacity – 20 tons/hour)
	(-)	Mixer (maximum rated capacity – 20 tons/hour)
	(-)	Truck Loadout (product) (maximum rated capacity – 20 tons/hour)
	(-)	Truck Loadout (product) (maximum rated capacity – 20 tons/hour)
	(-)	Truck Loadout (product) (maximum rated capacity – 20 tons/hour)

SECTION B - EMISSION POINTS, AFFECTED FACILITIES, APPLICABLE REGULATIONS, AND OPERATING CONDITIONS (CONTINUED)

- | | | |
|----|-----|--|
| 05 | (-) | Truck Loadout (product)
(maximum rated capacity – 20 tons/hour) |
| | (-) | Railcar Loadout (product)
(maximum rated capacity – 20 tons/hour) |
| 06 | (-) | Haul Road and Yard Area (paved) |

APPLICABLE REGULATIONS:

State Regulation 401 KAR 63:010, Fugitive Emissions, applies to each of the affected facilities listed above (Emission Points 04, 05, and 06).

1. Operating Limitations:

N/A

2. Emission Limitations:

The materials processed at each affected facility listed above shall be controlled with wet suppression and/or enclosures so as to comply with the requirements specified in State Regulation 401 KAR 63:010, Fugitive emissions, Section 3. Standards for fugitive emissions.

Compliance Demonstration Method:

See Section C, General Condition F.2.

3. Testing Requirements:

N/A

4. Monitoring Requirements:

See Section C, General Condition F.2.

5. Recordkeeping Requirements:

See Section C, General Conditions B.1., B.2., and F.2.

6. Reporting Requirements:

See Section C, General Conditions C.1., C.2., C.3., and F.3.

SECTION C - GENERAL CONDITIONS

A. Administrative Requirements

1. The permittee shall comply with all conditions of this permit. Noncompliance shall be (a) violation(s) of State Regulation 401 KAR 50:035, Permits, Section 7 and is grounds for an enforcement action including but not limited to the termination, revocation and reissuance, or revision of this permit.
2. This permit shall remain in effect for a fixed term of five (5) years following the date of issue. Permit expiration shall terminate the source's right to operate unless a timely and complete renewal application has been submitted to the Division at least six months prior to the expiration date of the permit. Upon a timely and complete submittal, the authorization to operate within the terms and conditions of this permit, including any permit shield shall remain in effect beyond the expiration date, until the renewal permit is issued or denied by the Division.
3. Any condition or portion of this permit which becomes suspended or is ruled invalid as a result of any legal or other action shall not invalidate any other portion or condition of this permit.
4. The permit contained herein may be revised, revoked, reopened, reissued, or terminated for cause. The filing of a request by the permittee for any permit revision, revocation, reissuance, or termination, or of a notification of a planned change or anticipated noncompliance shall not stay any permit condition.
5. The permit does not convey property rights or exclusive privileges.
6. The permit shall be subject to suspension at any time the permittee fails to pay all fees within 90 days after notification as specified in State Regulation 401 KAR 50:038, Air emissions fee.
7. Nothing in this permit shall alter or affect the authority of the U.S. EPA to impose emergency orders pursuant to Federal Statute 42 USC 7603, Emergency orders.
8. Nothing in this permit shall alter or affect the liability of the permittee for any violation of applicable requirements prior to or at the time of permit issuance.
9. Nothing in this permit shall alter or affect the authority of U.S. EPA to obtain information pursuant to Federal Statute 42 USC 7414, Inspections, monitoring, and entry.
10. State Origin Permits O-92-001 and C-92-010, issued November 16, 1992 and March 3, 1992, are hereby null and void.

B. Recordkeeping Requirements

1. All records and support information required by State Regulation 401 KAR 50:035, Permits, shall be retained at the source authorized by this permit for a period of five years and shall be made available for inspection upon request by any duly authorized representative of the Division for Air Quality.

SECTION C - GENERAL CONDITIONS (CONTINUED)

B. Recordkeeping Requirements (continued):

2. The permittee shall perform compliance certification and record keeping sufficient to assure compliance with the terms and conditions of the permit. Documents, including reports, shall be certified by a responsible official pursuant to State Regulation 401 KAR 50:035, Permits, Section 6.

C. Reporting Requirements

1. a. In accordance with the provisions of Regulation 401 KAR 50:055, Section 1 the owner or operator shall notify the Division for Air Quality's Ashland Regional Office concerning startups, shutdowns, or malfunctions as follows:
 - i. When emissions during any planned shutdowns and ensuing startups will exceed the standards notification shall be made no later than three (3) days before the planned shutdown, or immediately following the decision to shut down, if the shutdown is due to events which could not have been foreseen three (3) days before the shutdown.
 - ii. When emissions due to malfunctions, unplanned shutdowns and ensuing startups are or may be in excess of the standards notification shall be made as promptly as possible by telephone (or other electronic media) and shall cause written notice upon request.
- b. In accordance with the provisions of Regulation 401 KAR 50:035, Section 7(1)(e)2, the owner or operator shall promptly report deviations from permit requirements including those attributed to upset conditions (other than emission exceedances covered by Reporting Requirement condition 1 a) above) to the Division for Air Quality's Ashland Regional Office.
2. The permittee shall furnish to the Division, in writing, information that the Division may request to determine whether cause exists for modifying, revoking, reissuing, or terminating this permit, or to determine compliance with this permit. [401 KAR 50:035, Section 7(2)(b)3e and 401 KAR Section 7(3)(j)]
3. Summary reports of any monitoring required by this permit shall be reported to the Division's Ashland Regional Office at least every six months during the life of this permit, unless otherwise stated in this permit. The reports are due within 30 days after the end of each six month reporting period. The initial issuance date of this permit establishes the beginning of the first reporting period. The permittee may shift to semi-annual reporting on a calendar year basis upon approval of the regional office. If calendar year reporting is approved, the semi-annual reports are due January 30th and July 30th of each year. All reports shall be certified by a responsible official pursuant to Section 6(1) of Regulation 401 KAR 50:035, Permits. All deviations from permit requirements shall be clearly identified in the reports.

D. Inspections

1. The permittee shall allow the Cabinet or an authorized representative to perform the following:
 - a. Enter upon the premises where a source is located or emissions-related activity is conducted, or where records are kept;

SECTION C - GENERAL CONDITIONS (CONTINUED)

D. Inspections (continued):

1. b. Have access to and copy, at reasonable times, any records required by the permit:
 - i. During normal office hours, and
 - ii. During periods of an emergency when prompt access to records is essential to proper assessment by the Cabinet;
- c. Inspect, at reasonable times, any facilities, equipment (including monitoring and pollution control equipment), practices, or operations required by the permit. Reasonable times shall include, but are not limited to the following:
 - i. During all hours of operation at the source,
 - ii. For all sources operated intermittently, during all hours of operation at the source and the hours between 8:00 a.m. and 4:30 p.m., Monday through Friday, excluding holidays, and
 - iii. During an emergency; and
- d. Sample or monitor, at reasonable times, substances or parameters to assure compliance with the permit or any applicable requirements. Reasonable times shall include, but are not limited to the following:
 - i. During all hours of operation at the source,
 - ii. For all sources operated intermittently, during all hours of operation at the source and the hours between 8:00 a.m. and 4:30 p.m., Monday through Friday, excluding holidays, and
 - iii. During an emergency.

E. Emergencies/Enforcement Provisions

1. The permittee shall not use as defense in an enforcement action, the contention that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance.
2. Pursuant to State Regulation 401 KAR 50:035, Permits, Section 9, an emergency shall constitute an affirmative defense to an action brought for the noncompliance with the technology-based emission limitations if the permittee demonstrates through properly signed contemporaneous operating logs or other relevant evidence that:
 - a. An emergency occurred and the permittee can identify the cause of the emergency;
 - b. The permitted facility was at the time being properly operated;
 - c. During an emergency, the permittee took all reasonable steps to minimize levels of emissions that exceeded the emissions standards or other requirements in the permit; and
 - d. The permittee notified the Division as promptly as possible and submitted written notice of the emergency to the Division within two working days after the time when emission limitations were exceeded due to the emergency if the notice met the requirement of State Regulation 401 KAR 50:035, Permits, Section 7(1)(e)2, and included a description of the emergency, steps taken to mitigate emissions, and corrective actions taken.
3. Emergency provisions listed in General Condition E.2 are in addition to any emergency or upset provision contained in an applicable requirement.
4. In an enforcement proceeding, the permittee seeking to establish the occurrence of an emergency shall have the burden of proof.

SECTION C - GENERAL CONDITIONS (CONTINUED)

F. Compliance

1. Permit Shield - Except as provided in State Regulation 401 KAR 50:035, Permits, compliance by the affected facilities listed herein with the conditions of this permit shall be deemed to be compliance with all applicable requirements as of the date of the issuance of this permit.
2. Periodic testing or instrumental or non instrumental monitoring, which may consist of record keeping, shall be performed to the extent necessary to yield reliable data for purposes of demonstration of continuing compliance with the conditions of this permit. For the purpose of demonstration of continuing compliance, the following guidelines shall be followed:
 - a. Pursuant to State Regulation 401 KAR 50:055, General compliance requirements, Section 2(5), all air pollution control equipment and all pollution control measures proposed by the application in response to which this permit is issued shall be in place, properly maintained, and in operation at any time an affected facility for which the equipment and measures are designed is operated, except as provided by State Regulation 401 KAR 50:055, Section 1.
 - b. All the air pollution control systems shall be maintained regularly in accordance with good engineering practices and the recommendations of the respective manufacturers. A log shall be kept of all routine and non-routine maintenance performed on each control device.
 - c. A log of the monthly raw material consumption and monthly production rates shall be kept available at the facility. Compliance with the emission limits may be demonstrated by computer program (spread sheets), calculations or performance tests as may be specified by the Division.
4. Pursuant to Regulation 401 KAR 50:035, Permits, Section 7(2)(b), the permittee shall annually complete and return a Compliance Certification Form (DEP 7007CC) to the Division's Ashland Regional Office in accordance with the following requirements:
 - a. Identification of each term or condition of the permit that is the basis of the certification;
 - b. The compliance status regarding each term or condition of the permit;
 - c. Whether compliance was continuous or intermittent; and
 - d. The method used for determining the compliance status for the source, currently and over the reporting period, pursuant to 401 KAR 50:035, Section 7(1)(c),(d), and (e).
 - e. The certification shall be postmarked by the thirtieth (30) day following the applicable permit issuance anniversary date, or by January 30th of each year if calendar year reporting is approved by the regional office. Annual compliance certifications should be mailed to the following addresses:

Division for Air Quality
Ashland Regional Office
P.O. Box 1507
3700 13th Street
Ashland, KY 41105-1507

Division for Air Quality
Central Files
803 Schenkel Lane
Frankfort, KY 40601

SECTION D - INSIGNIFICANT ACTIVITIES

The following listed activities have been determined to be insignificant activities for this source pursuant to Regulation 401 KAR 50:035, Section 5(4). While these activities are designated as insignificant the permittee must comply with the applicable regulation and some minimal level of periodic monitoring may be necessary.

<u>Description</u>	<u>Generally Applicable Regulation</u>
Indirect Heat Exchanger (Sellers, 77 Commodore) Natural Gas Fired (0.127 mmBTU/hr) (primary fuel for boiler)	59:015
Indirect Heat Exchanger (Sellers, 77 Commodore) Natural Gas Fired (0.127 mmBTU/hr) (primary fuel for boiler)	59:015